



Mary Taylor, CPA
Auditor of State

VILLAGE OF NEW ALEXANDRIA
JEFFERSON COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of New Alexandria
Jefferson County
202 Chapel Hill Road
Mingo Junction, Ohio 43938

To the Village Council:

We have audited the accompanying financial statements of the Village of New Alexandria, Jefferson County, (the Village) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepared its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of New Alexandria, Jefferson County, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 15, 2008

VILLAGE OF NEW ALEXANDRIA
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Total Cash Receipts	\$34,866	\$33,215	\$68,081
Cash Disbursements:			
Total Cash Disbursements	21,028	20,023	41,051
Total Receipts Over/(Under) Disbursements	13,838	13,192	27,030
Fund Cash Balances, January 1	26,047	121,245	147,292
Fund Cash Balances, December 31	<u>\$39,885</u>	<u>\$134,437</u>	<u>\$174,322</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF NEW ALEXANDRIA
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Fiduciary Fund Types		Totals (Memorandum Only)
	Private Purpose Trust	Agency	
Non-Operating Cash Receipts:			
Total Non-Operating Cash Receipts	\$8,273	\$8,206	\$16,479
Non-Operating Cash Disbursements:			
Total Non-Operating Cash Disbursements	0	6,686	6,686
Excess of Receipts Over/(Under) Disbursements	8,273	1,520	9,793
Fund Cash Balances, January 1	109,990	1,200	111,190
Fund Cash Balances, December 31	\$118,263	\$2,720	\$120,983

The notes to the financial statements are an integral part of this statement.

VILLAGE OF NEW ALEXANDRIA
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Total Cash Receipts	\$34,866	\$33,215	\$68,081
Cash Disbursements:			
Total Cash Disbursements	21,028	20,023	41,051
Total Receipts Over/(Under) Disbursements	13,838	13,192	27,030
Fund Cash Balances, January 1	26,047	121,245	147,292
Fund Cash Balances, December 31	\$39,885	\$134,437	\$174,322

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF NEW ALEXANDRIA
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Fiduciary Fund Types		Totals (Memorandum Only)
	Private Purpose Trust	Agency	
Non-Operating Cash Receipts:			
Total Non-Operating Cash Receipts	\$7,192	\$5,182	\$12,374
Non-Operating Cash Disbursements:			
Total Non-Operating Cash Disbursements	0	3,982	3,982
Net Receipts Over/(Under) Disbursements	7,192	1,200	8,392
Fund Cash Balances, January 1	102,798	0	102,798
Fund Cash Balances, December 31	\$109,990	\$1,200	\$111,190

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF NEW ALEXANDRIA
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of New Alexandria, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services and police services. The Village contracts the New Alexandria Volunteer Fire Department to provide fire services and emergency medical services. The Village appropriates general fund money to support the volunteer fire department.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF NEW ALEXANDRIA
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Cemetery Fund - This fund receives revenue from the sale of burial plots and opening and closing of graves for the provision of services.

3. Fiduciary Funds (Trust and Agency Fund)

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court activity.

The Village's private purpose trust fund is for the benefit of individuals who provided the corpus of the trust.

Perpetual Care Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**VILLAGE OF NEW ALEXANDRIA
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2002	2001
Demand deposits	\$50,437	\$82,882
Certificates of deposit	244,504	202,630
Total deposits	\$294,941	\$285,512

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$31,161	\$31,161
Special Revenue	0	41,822	41,822
Fiduciary	0	8,273	8,273
Total	\$0	\$81,256	\$81,256

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$36,396	(\$36,396)
Special Revenue	0	36,951	(36,951)
Fiduciary	0	0	0
Total	\$0	\$73,347	(\$73,347)

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$34,866	\$34,866
Special Revenue	0	33,215	33,215
Fiduciary	0	7,192	7,192
Total	\$0	\$75,273	\$75,273

**VILLAGE OF NEW ALEXANDRIA
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$21,028	(\$21,028)
Special Revenue	0	20,023	(20,023)
Fiduciary	0	0	0
Total	\$0	\$41,051	(\$41,051)

Contrary to Ohio Revised Code Section 5705.38, the Village did not pass an appropriation resolution for fiscal year 2002 or 2001. Additionally, contrary to Ohio Revised Code Section 5705.41(B), budgetary expenditures exceeded appropriation authority in the General Fund, the Street Construction, Maintenance and Repair Fund, the Cemetery Fund and the Ohio Department of Natural Resources (ODNR) Grant Fund by \$36,396, \$1,129, \$ 20,752 and \$15,070, respectively, for the year ended December 31, 2002. Budgetary expenditures exceeded appropriation authority in the General Fund, the Street Construction, Maintenance and Repair Fund, the State Highway Fund and the Cemetery Fund by \$21,028, \$871, \$585 and \$18,567, respectively, for the year ended December 31, 2001. Also, contrary to Ohio Revised Code Section 5705.36, the Village did not obtain a certificate of available resources.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. RETIREMENT SYSTEMS

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2002 and 2001, OPERS members contributed 8.5%, of their gross salaries and the Village contributed an amount equaling 13.55%, of participants' gross salaries.

Effective July 1, 1991, all officials not otherwise covered by OPERS have an option to choose Social Security. As of December 31, 2002, certain members of the Village Council have elected Social Security. The Village's liability is 6.2% of wages paid.

VILLAGE OF NEW ALEXANDRIA
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

7. COMPLIANCE

Contrary to Ohio Revised Code Sections 733.28 and 733.43, the Clerk/Treasurer did not keep accurate records of all Village accounts.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of New Alexandria
Jefferson County
202 Chapel Hill Road
Mingo Junction, Ohio 43938

To the Village Council:

We have audited the financial statements of the Village of New Alexandria, Jefferson County, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated January 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2002-004 and 2002-005.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable conditions 2002-004 and 2002-005 listed above to be material weaknesses. In a separate letter to the Village's management dated January 15, 2008, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings items 2002-001 through 2002-004. In a separate letter to the Village's management dated January 15, 2008, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and Village Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 15, 2008

VILLAGE OF NEW ALEXANDRIA
JEFFERSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Revised Code Section 5705.38 requires, in part, that on or about the first day of each fiscal year, an appropriation measure be passed. **Ohio Revised Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village did not pass an appropriation measure for either year of the audit period. As expenditures are limited by the appropriations established for each fund, all expenditures made by the Village in 2002 and 2001 were not in compliance with the Ohio Revised Code.

Failure to pass an appropriation measure, which serves as a tool by which expenditures can be monitored, could result in overspending. The Village should pass an appropriation measure as required so that expenditures can be monitored and compliance with the Ohio Revised Code provisions can be attained. Expenditures should be limited to established appropriations for each fund.

The Clerk/Treasurer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk/Treasurer may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Revised Code Section 5705.41(D) provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively of the Ohio Revised Code.

1. **Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than \$1,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council if such expenditure is otherwise valid.

**FINDING NUMBER 2002-002
(Continued)**

2. **Blanket Certificate** – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond three months and in an amount not exceeding \$5,000. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extent beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

The Village did not properly certify or record the amount against the applicable appropriation accounts for 100% of tested expenditures in 2002 and 2001. The Village did not utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending in negative cash balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, the Clerk/Treasurer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

The Village should certify purchases to which section Ohio Revised Code § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code § 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Revised Code § 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2002-003

Noncompliance Citation

Ohio Revised Code Section 5705.36 states that on or about the first day of each fiscal year, the fiscal officer of a subdivision shall certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. The total amount appropriated for each fund must be less than or equal to the total estimated resources from that fund.

The certificate of estimated resources and the appropriation combine to provide a budget mechanism to prevent overspending. The Clerk/Treasurer did not file a certificate showing the total amount from all sources available for expenditures and the balances existing at the end of the year with the county auditor. Failure to file the certificate could result in overspending and negative cash balances. The Clerk/Treasurer should use a calendar with all applicable budgetary dates as a reminder to file required documents with the county auditor.

FINDING NUMBER 2002-004

Noncompliance Citation/Material Weakness

Ohio Revised Code Sections 733.28 and 733.43 require the village clerk/treasurer shall keep the books of the village, exhibit accurate statements of all moneys received and expended, of all property owned by the village and the income derived therefore, and of all taxes and assessments.

The Clerk/Treasurer failed to keep accurate records as the activity of the Cemetery Fund and the Perpetual Care Fund was not included on the Village ledgers or bank to book reconciliations for fiscal year 2001 and the activity of the Cemetery Fund, the Perpetual Care Fund and the Ohio Department of Natural Resources (ODNR) Grant Fund was not included on the Village ledgers for fiscal year 2002.

The tables below detail the financial activity that was not posted to Village records.

2001			
Fund	Receipt Ledger	Appropriation Ledger	Cash Journal
Cemetery Fund	\$29,472	\$18,567	\$48,039
Perpetual Care Fund	\$7,192		\$7,192

2002			
Fund	Receipt Ledger	Appropriation Ledger	Cash Journal
Cemetery Fund	\$22,500	\$20,752	\$43,252
Perpetual Care Fund	\$8,273		\$8,273
ODNT Grant Fund	\$15,323	\$15,070	\$30,393

Failure to post all financial activity to the Village ledgers resulted in errors on the annual financial statement for 2001 and 2002 and accurate bank to book reconciliations could not be completed.

The Clerk/Treasurer should record all financial activity for the Village in the receipt ledger, appropriation ledger and cash journal, as appropriate, so that accurate statements of all moneys received and expended can be prepared. Periodically, financial reports including all activity of the Village should be submitted to council for review. Adjustments to properly reflect activity of all funds were made by the Village and are included in the financial statements.

FINDING NUMBER 2002-005

Material Weakness

Internal Control over Financial Reporting

Ohio Administrative Code Section 117-2-02(B)(1) requires the government's internal controls to reasonably assure that recorded transactions have occurred and are not fictitious. That includes maintaining sufficient documentation for all transactions and posting transactions accurately.

Weaknesses in the Village's financial reporting systems are enumerated below:

**FINDING NUMBER 2002-005
(Continued)**

- Monthly bank to book reconciliations were not completed.
- Inaccurate fund balances were carried in the cash journal.
- The Village Clerk/Treasurer did not maintain receipt and appropriation ledgers.
- Information on the Village's financial statements could not be verified to the cash journal.
- The Village Clerk/Treasurer did not include any activity of the Cemetery Fund or the ODNR Grant Fund, Special Revenue Funds, in the Village cash journal.
- The Village Clerk/Treasurer did not include any activity of the Perpetual Care Fund, a Private Purpose Trust Fund, in the Village cash journal.

The Village Council and the Clerk/Treasurer should carefully review these weaknesses and develop internal controls over the Village's reporting system which will support the integrity of the Village's financial records and reports. Specifically the following procedures should be considered.

- The Clerk/Treasurer should complete accurate bank to book reconciliations on a monthly basis
- The Clerk/Treasurer should verify fund balances in the cash journal by assuring the accuracy of the revenue and expenditures that are posted to the cash journal each month. This assurance can be realized through the completion of accurate monthly bank to book reconciliations.
- The Clerk/Treasurer should maintain a receipt ledger and an appropriation ledger. A receipt ledger should be set up for each receipt code used by the Village and to facilitate posting, the ledger should be maintained in account code order. An appropriation ledger should be set up for each disbursement code used by the Village and to facilitate posting, the ledger should be maintained in account order. The cash journal entries should be compared to the entries in the receipts ledger and appropriation ledger to assure that all activity has been posted accurately to the proper fund.
- Any errors noted in the reconciliation, cash journal or ledgers should be corrected on a monthly basis.
- Each bank balance and each fund balance should be included in the bank to book reconciliation.
- The bank reconciliations and monthly fund reports should be periodically reviewed by Village Council.

Officials' Response

We did not receive a response from Officials to the findings reported above.

**VILLAGE OF NEW ALEXANDRIA
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2000-001	ORC Sections 5705.38 and 5705.41(B). The Village did not pass an appropriation resolution, and budgetary expenditures exceeded the amounts appropriated.	No	Reissued as Finding 2002-001
2000-002	ORC Section 5705.41(D) The Village did not certify all purchases	No	Reissued as Finding 2002-002
2000-003	ORC Section 5705.39. Appropriations exceeded estimated resources.	No	The Village did not pass an appropriations resolution and did not estimate revenue – See Finding 2002-001 and 2002-003
2000-004	ORC Sections 733.28 and 733.43. The Clerk/Treasurer did not keep accurate records of the finances of the Village.	No	Reissued as Finding 2002-004
2000-005	Material Weakness – Internal Control over financial reporting	No	Reissued as Finding 2002-005



Mary Taylor, CPA
Auditor of State

VILLAGE OF NEW ALEXANDRIA

JEFFERSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 25, 2008**